

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:

BEAR ISLAND PAPER COMPANY, L.L.C.¹

Debtor.

Chapter 11

Case No. 10-31202 (DOT)

**LIMITED OBJECTION OF THE POSTPETITION AGENT AND PREPETITION
SENIOR AGENT TO THE SECOND MOTION OF THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS TO EXTEND CHALLENGE PERIOD**

Credit Suisse AG, as administrative agent under that certain Senior Secured Super-Priority Debtor-In-Possession Term Loan Credit Agreement, dated as of March 1, 2010 (in such capacity, the “Postpetition Agent”) and as administrative agent under that certain Second Amended and Restated First Lien Term Loan Credit Agreement, dated as of April 8, 2005 (in such capacity, the “Prepetition Senior Agent” and together with the Postpetition Agent, the “Agents”), hereby files this limited objection (the “Objection”) to the Second Motion of the Official Committee of Unsecured Creditors to Extend Time to Challenge the Amount, Validity or Enforceability of the Prepetition Debt Obligations or the Perfection or Priority of the

¹ The last four digits of the Debtor’s federal tax identification number are 0914. The principal address for the Debtor is 10026 Old Ridge Road, Ashland, Virginia 23005.

Keith A. Simon, Esq. (admitted *pro hac vice*)
Adam J. Goldberg, Esquire (admitted *pro hac vice*)
Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Phone: (212) 906-1200
Fax: (212) 751-4864

*Counsel for Credit Suisse AG,
As Postpetition Agent and
Prepetition Senior Agent*

Robert H. Chappell, III, Esquire (VSB #31698)
Neil E. McCullagh, Esquire (VSB #39027)
Jennifer J. West, Esquire (VSB #47522)
Erin E. Kessel, Esquire (VSB #65360)
Spotts Fain PC
411 East Franklin Street, Suite 600
Richmond, Virginia 23219
Phone: (804) 697-2000
Fax: (804) 697-2100

*Co-Counsel for Credit Suisse AG,
As Postpetition Agent and
Prepetition Senior Agent*

Prepetition Debt Liens, dated as of July 8, 2010 (Docket No. 356, the “Extension Motion”).² In support of this Objection, the Agents hereby respectfully state as follows:

1. In the Extension Motion, the Committee acknowledges that it has completed its investigation concerning the Prepetition Debt Obligations and Prepetition Debt Liens. See Extension Motion, ¶ 13 & 21 (“The Committee very recently completed its investigation concerning the Prepetition Debt Obligations and the Prepetition Debt Liens.”). The Committee has identified three parcels of real estate, five motor vehicles and three bank accounts (the “Identified Properties”) which are allegedly not subject to the Prepetition Debt Liens. See Extension Motion, ¶ 13.³

2. The Agents have no objection to the requested extension of the investigation period with respect to the Identified Properties. The Agents are performing their own due diligence regarding the Identified Properties and hope to consensually resolve these issues with the Committee (but reserve their rights regarding the Committee’s allegations).

3. The Agents do object, however, to the requested extension of the investigation period with respect to any matters other than the Identified Properties. Specifically, the Committee admits that it has completed its investigation concerning the Prepetition Debt Obligations and Prepetition Debt Liens, and has only identified the Identified Properties as not

² Unless otherwise specified, all capitalized terms used herein without definition shall have the respective meanings given such terms in the Extension Motion.

³ Specifically, the Identified Property consists of (i) approximately 14.03 acres of real estate together with improvements at Tax Map Number 00815B in Gloucester County, Virginia; (ii) approximately 8.412 acres of real estate together with improvements at Parcel Number 25(4)A in Richmond County, Virginia; (iii) approximately 0.4 acres of real estate together with improvements at Parcel Number 25-10B in Richmond County, Virginia; (iv) a 1995 Ford pickup with VIN number 1FTEF15N6SNA47909; (v) a 2004 Ford pickup with VIN number 1FTRX14W44NB68515; (vi) a 2003 Ford pickup with VIN number 2FTRF18W23CA82394; (vii) a 1993 Ford pickup with VIN number 1FTEF14N9PLA59184; (viii) a 1993 Ford Bronco with VIN number 1FMEU15N4PLA26674; (ix) any and all funds held in the Collection Account at HSBC Bank USA, N.A., which has an Account Number with 0117 as the last four digits; (x) any and all funds held in the Payables Disbursement Account at HSBC Bank USA, N.A., which has an Account Number with 0648 as the last four digits; and (xi) any and all funds held in the Payroll Disbursement Account at HSBC Bank USA, N.A., which has an Account Number with 0630 as the last four digits.

being subject to the Prepetition Debt Liens. See Extension Motion, ¶ 13 & 21. By the time of the hearing on the Extension Motion, the investigation period will have lasted more than four months since the Committee was appointed on March 3, 2010 - this is sufficient time for the Committee's investigation.⁴ The Agents, therefore, believe it is appropriate for the investigation period to expire with respect to all matters other than the Identified Properties and do not believe that the Committee has shown cause to extend the investigation period other than with respect to the Identified Properties.

⁴ The Prepetition Senior Agent also filed its proof of claim on June 4, 2010 (Claim No. 77).

WHEREFORE, the Agents request that this Court deny the Motion to the extent set forth in this Objection and extend the investigation period only with respect to the Identified Properties.

Dated: July 16, 2010

CREDIT SUISSE AG, AS POSTPETITION
AGENT AND PREPETITION SENIOR
AGENT

By: /s/ Neil E. McCullagh
Counsel

Robert H. Chappell, III, Esquire (VSB #31698)
Neil E. McCullagh, Esquire (VSB #39027)
Jennifer J. West, Esquire (VSB #47522)
Erin E. Kessel, Esquire (VSB #65360)
Spotts Fain PC
411 East Franklin Street, Suite 600
Richmond, Virginia 23219
Phone: (804) 697-2000
Fax: (804) 697-2100
Co-Counsel for Credit Suisse AG,
as Postpetition Agent and Prepetition
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and

Keith A. Simon, Esquire (admitted *pro hac vice*)
Adam J. Goldberg, Esquire (admitted *pro hac vice*)
Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Phone: (212) 906-1200
Fax: (212) 751-4864
Counsel for Credit Suisse AG,
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CERTIFICATE OF SERVICE

I hereby certify that on July 16, 2010, a copy of the foregoing Limited Objection was served by U.S. Mail, First Class, postage prepaid or electronic means through the Court's ECF system or through email on all parties listed on the attached list, constituting all necessary parties:

/s/ Neil E. McCullagh